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Cabinet Luncheon  
21 May 1982, 12:00

NSC Review Completed as Redacted.

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SA/DCI/IA

ES/MI # 147

19 May 1982

MEMORANDUM FOR: See Distribution

SUBJECT : Meetings

\* 10<sup>30</sup> - Letter to  
Casey Office, OCS

Type of Meeting : Full Cabinet Working Lunch

Date : Thursday, 20 May

Time : 12:00 - 1:30

Place : Cabinet Room

Chaired By : President

Principal Only? : Yes

Subject/Agenda : Budget Update

OECD Discussion (Organization of Economic Developing)

Clean water

EPA Annual Report

When to Expect Papers: None expected

Time Info Received : Per Patsy, 3:55 p.m.

Anne

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES G. WATT, CHAIRMAN PRO TEMPORE  
CABINET COUNCIL ON NATURAL RESOURCES AND ENVIRONMENT

ISSUE: What Amendments to the Clean Water Act should the  
Administration Propose?

BACKGROUND

Authorization for the Clean Water Act expires on September 30, 1982.

Changes for Title II, the Construction Grants Program, were signed into law on December 29, 1981. The remaining titles, for which the authorization expires this year, cover the Act's goals; enforcement, permitting and technology requirements for industrial discharges of pollutants into the nation's waters; and a permit program for the protection of the nation's wetlands.

Although authorization expires on September 30th, monies will nevertheless be appropriated to continue the current law. The Senate Environment and Public Works Committee will continue to hold hearings on this legislation, but the Committee may not report out a bill this year, given the limited number of legislative days remaining.

Cabinet Council Action

The Cabinet Council uniformly agreed to the following recommendations:

- o Reauthorize the Act for five years.
- o Extend the life of the municipal and industrial discharge permits from five to ten years. Municipalities and industries must presently renew their permits every five years.
- o Clarify certain enforcement provisions regarding criminal penalties and inspections.
- o Extend the Presidential exemption of federal facilities during a time of national emergency from one year to three years; expand facilities which can qualify to include new federal facilities and those which discharge toxics.

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- o Exempt dams from requirements for discharge permits. A recent court case now forces EPA to regulate over two million dams by requiring discharge permits for their operation. Only a small number are actually believed to cause water quality problems.
- o Give the Administrator of EPA flexibility to reduce federal control over the industrial discharge of pollutants into municipal sewage treatment works by allowing her discretion to determine whether industrial treatment controls are necessary and by giving municipalities more authority to control discharges into their own treatment works if those municipalities are meeting Clean Water Act requirements.
- o Extend from 1984 to 1988 the deadline for industrial compliance with technological requirements for the removal of toxics. EPA has as of yet promulgated no regulations for these requirements. Thus, the 1984 deadline is virtually impossible to meet.
- o Leave unchanged, for the time being, the areas covered under the bill's wetlands protection program which covers "all waters of the United States," including marshes, bogs and swamps. Because efforts to narrow the program are highly controversial (the Senate Committee and Subcommittee Chairmen and Senate Majority Leader are opposed) and because the Administration has no clear proposal to limit the program, the Cabinet Council agreed to defer legislative change for the time being, while the Regulatory Relief Task Force reviews proposals to streamline the program administratively.

#### Waiver for Industry from Additional Control Requirements

The Cabinet Council gave special attention to the issue of allowing a case-by-case waiver for industry from further requirements to control toxics.

The Clean Water Act requires all industries which discharge toxic pollutants to apply special technological controls (Best Available Technology Economically Achievable) for the removal of those pollutants. Industries must apply these controls even though some of them have largely removed the toxic pollutants through less costly technology already required for the removal of non-toxics, and already in place. The law does not permit the Administrator to waive these requirements, regardless of whether an industry's discharges would have no negative effect on the quality of the receiving waters.

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Last February, the Cabinet Council agreed to an EPA proposal to provide a case-by-case waiver from the requirements. The purpose of the waiver system was to ensure that regulatory burdens are imposed only where necessary and cost-effective. Thus, the Cabinet Council clearly endorsed the concept of avoiding "treatment for treatment's sake." At the April 22nd Cabinet Council meeting, EPA recommended dropping the waiver and limiting the reforms for this requirement to an extension of compliance deadlines. In EPA's view:

- o The Administration does not have sufficient evidence on which to base a need for a waiver, since no regulations requiring this technology are yet in place.
- o It is politically unsaleable. Key Senate Committee members oppose it and, although there is some sympathy for it on the House Committee, no one is willing to carry it. Overt relaxation of toxics control implied by a waiver amendment will generate further anti-environmental accusations against the Administration.
- o EPA has the discretion to determine the stringency of the technology standard by regulation.

The law provides the EPA Administrator the discretion to determine the level of additional controls required. The agency contends that when final regulations are established, the level of stringency will be less than industry presumes. Only the steel regulation is close to being proposed. However, using steel as an example, EPA estimates that this Administration's steel regulations will cost \$300 million or less (this cost reflects other regulations as well) compared to the last Administration's proposal of \$1.8 billion. Even though environmentalists may sue on the grounds that more stringent technologies are available, EPA maintains that the control levels it plans to propose will stand up in Court because the statutory standard is "Best Available Technology Economically Achievable."

On the other hand, should EPA lose court cases on many of these regulations, there will be no back-up to avoid unnecessary treatment. Most industry groups, particularly iron and steel, chemical manufacturers, American Petroleum Institute, and the Business Roundtable support a waiver, fearing that further control requirements could potentially pose enormous costs for an additional five to ten percent of removal. Moreover, state water pollution control agencies are seeking relaxations in several aspects of the current law greater than those which the Administration is proposing. These state agencies, in particular, are looking for flexibility in the BAT process through changes in the law.

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Lastly, the environmentalists will criticize any relaxation of the Clean Water Act, as they already have, so the absence of a waiver will not prevent environmental opposition, although a waiver may generate more strident opposition.

Nevertheless, EPA firmly believes that since it has no evidence on which to base the need for a waiver, such a proposal will only engender acrimonious debate, and jeopardize other changes we are seeking in the current law.

Thus, the Cabinet Council agreed to defer to EPA's concerns, recognizing that if a future case can be made for a waiver during Congressional debate, the Administration will not oppose it, since a waiver from unnecessary controls comports with Administration philosophy. The Cabinet Council also agreed that if no waiver provision results from Congressional action, EPA should conduct a systematic cost/benefit analysis over the next three years to establish a basis for seeking a waiver or for eliminating the requirement altogether in the future.

#### ACTION

1. Defer to EPA political concerns and propose no waiver.

\_\_\_\_\_ APPROVE

\_\_\_\_\_ DISAPPROVE

2. Accept Cabinet Council recommendations on remainder of issues.

\_\_\_\_\_ APPROVE

\_\_\_\_\_ DISAPPROVE

COMPARISON OF BUDGET ALTERNATIVES FOR F.Y. 1983-85

<u>Baseline:</u>	<u>Senate</u>		<u>House</u>	
	<u>Original</u>	<u>Current</u>	<u>Coalition</u>	<u>Recovery</u>
Baseline Deficit.....	630.5	630.5	630.3	630.3
Adjustment for 1982 COLA.....	---	---	-1.6	-4.2
Adjustment for 1982 Deficit.....	---	---	---	-5.8
Adjusted Baseline Deficit.....	630.5	630.5	628.7	620.3
<u>Deficit Reduction Measures</u>				
Management Savings.....	33.1	33.1	43.5	43.5
User Fees.....	6.0	6.0	6.0	7.5
Federal Pay.....	27.3	27.3	23.0	23.6
COLAs.....	15.0	15.0	----	5.2
Nondefense Discretionary.....	38.3	27.6	32.4	42.4
Targeted Entitlements.....	33.6	26.0	15.6	45.7
Defense (Excluding Pay).....	22.0	22.0	45.7	22.3
Reject CBO Reestimates.....	----	----	5.8	5.8
Social Security Solvency.....	40.0	----	----	----
Other Spending Reductions.....	----	----	6.8	11.2
Revenue.....	95.0	101.2	134.8	95.0
Interest Rate Effect.....	54.9	54.9	55.1	54.9
Debt Service Savings.....	50.7	45.3	55.2	46.7
<u>Policy Impact:</u>				
Total Deficit Reduction.....	415.9	359.4	423.9	391.9
Remaining Deficits:				
1983.....	106.1	115.4	95.1	101.6
1984.....	69.0	91.3	72.2	77.7
1985.....	39.5	64.4	37.5	49.1
TOTAL.....	214.6	271.1	204.8	228.4

THE WHITE HOUSE  
WASHINGTON

Executive Registry

82-1408

## CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 5/19/82 NUMBER: 068971 CA DUE BY: \_\_\_\_\_SUBJECT: Cabinet Working Lunch

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman ( <i>For WH Staffing</i> )	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<u>CIA</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/ <del>Kass</del> <i>Gunn</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
<u>EPA</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE/Boggs	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS: The agenda for tomorrow's Cabinet Working Lunch scheduled for 12:00 pm for 60 minutes is as follows:

1. EPA Annual Report
2. Clean Water Act
3. Budget Update
4. OECD Discussions

The only back up material is the attached decision memorandum on the Clean Water Act, which was circulated to you previously.

RETURN TO:

☐ Craig L. Fuller  
Assistant to the President  
for Cabinet Affairs  
456-2823

☒ Becky Norton Dunlop  
Director, Office of  
Cabinet Affairs  
456-2800

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# OECD

## ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Address : 2 rue André Pascal, 75775 Paris Cedex 16  
Telephone : (Paris) 524 82 00 Cable : Develoeconomie  
Telex : 620 160

### MEMBERS

(24 COUNTRIES)

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

Yugoslavia participates in the work of the Organisation with a special status.

### ESTABLISHED

30th September 1961 by the Convention on the Organisation for Economic Co-operation and Development (signed 14th December 1960); successor body to Organisation for European Economic Co-operation (OEEC), established 16th April 1948.

### AIMS

Promote economic and social welfare throughout the OECD area by co-ordinating Member countries' policies to this end; contribute to the good functioning of the world economy notably by stimulating and harmonising its Members' efforts in favour of developing countries.

The supreme body of the Organisation is the Council composed of one representative for each Member country. It meets either at Heads of Permanent Delegations' level (about once a week) under the Chairmanship of the Secretary-General or at Ministerial level (usually once a year) under the Chairmanship of a Minister elected annually. Decisions and Recommendations are adopted by mutual agreement of all members of the Council.

The Council is assisted by an Executive Committee composed of 14 members of the Council designated annually by the latter.

As the Organisation's activities cover practically all aspects of economic and social policy, the major part of its work is prepared and carried out in numerous specialized committees and working parties of which there exist about two hundred.

Thus, the Organisation comprises Committees for Economic Policy; Economic and Development Review; Development Assistance (DAC); Trade; Invisible Transactions; Financial

Markets ; Fiscal Affairs ; Restrictive Business Practices ; Consumer Policy ; Tourism ; Maritime Transport ; International Investment and Multinational Enterprises ; Energy Policy ; Industry ; Steel ; Scientific and Technological Policy ; Education ; Manpower and Social Affairs ; Environment ; Agriculture ; Fisheries, etc. Moreover, there exists a High Level Group on Commodities.

The various committees and other bodies are, as a rule composed of civil servants coming either from capitals or from the Permanent Delegations to OECD which are established as normal diplomatic missions and are headed by Ambassadors. They are serviced by an international Secretariat (headed by the Secretary-General of the Organisation), the structure of which is geared to the requirements of these bodies.

*Autonomous and semi-autonomous bodies set up in the framework of the Organisation*

### **THE OECD INTERNATIONAL ENERGY AGENCY (IEA)**

The International Energy Agency is an autonomous body which was established in 1974 within the framework of the OECD to implement the International Energy Programme adopted by the Participating Countries on 18th November 1974.

It carries out a comprehensive programme of energy co-operation among twenty-one of the OECD's twenty-four Member countries, the basic elements of which are :

- co-operation among IEA Participating Countries to reduce excessive dependence on oil through conservation, development of alternative energy sources and energy research development ;
- an information system on the international oil market as well as consultation with oil companies ;
- co-operation with oil producing and other oil consuming countries with a view to developing a stable international energy trade as well as the rational management and use of world energy resources in the interests of all countries ;
- a plan to prepare Participating Countries against the risk of a major disruption of oil supplies and to share available oil in the event of an emergency.

Participating Countries in the Agency are : Australia, Austria, Belgium, Canada, Denmark, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States. The Commission of the European Communities is represented.

### **THE OECD NUCLEAR ENERGY AGENCY (NEA)**

Set up in 1958 (as European Nuclear Energy Agency), the Nuclear Energy Agency now groups all Member countries of OECD, except New Zealand.

Objectives : The main purpose of the Agency is to promote international co-operation within the OECD area for the development and application of nuclear power for peaceful purposes through international research and development projects and exchange of scientific and technical experience and information. The Agency also maintains a continual survey, with the co-operation of other organisations, notably the International Atomic Energy Agency (IAEA), of world uranium resources, production and demand, and of economic and technical aspects of the nuclear fuel cycle.

An expanding part of the Agency's work is devoted to safety and regulatory aspects of nuclear energy : safety of installations, radiation protection, radioactive waste management and the setting up of a uniform legislative regime for nuclear liability and insurance.

### **THE OECD DEVELOPMENT CENTRE**

The Development Centre of the Organisation for Economic Co-operation and Development was established by decision of the OECD Council on 23rd October 1962.

The purpose of the Centre is to bring together the knowledge and experience available in Member countries of both economic development and the formulation and execution of general policies of economic aid; to adapt such knowledge and experience to the actual needs of countries or regions in the process of development and to put the results at the disposal of the countries by appropriate means.

The Centre has a special and autonomous position within the OECD which enables it to enjoy scientific independence in the execution of its task. Nevertheless, the Centre can draw upon the experience and knowledge available in the OECD in the development field.

All OECD Member countries are members of the Centre except New Zealand.

### **THE CENTRE FOR EDUCATIONAL RESEARCH AND INNOVATION (CERI)**

The Centre for Educational Research and Innovation was set up in 1968 to promote and assist the development of research activities in the field of education, and to carry out advanced experiments designed to test innovations in education and stimulate research and development.

All the Member countries of OECD and Yugoslavia are members of CERI.

### **THE EUROPEAN CONFERENCE OF MINISTERS OF TRANSPORT (ECMT)**

The ECMT is an inter-governmental organisation independent from OECD, but its Secretariat is attached, from an administrative point of view, to that of the OECD, which distributes its publications.

The European Conference of Ministers of Transport (ECMT), established by a Protocol signed in Brussels on 17th October 1963, constitutes a forum for the Ministers of Transport of 19 European countries<sup>1</sup>. The work of the Council of Ministers is prepared by a Committee of Deputies.

The purposes of the Conference are :

- a) to take whatever measures may be necessary to achieve, at general or regional level, the most efficient use and rational development of European inland transport of international importance ;
- b) to co-ordinate and promote the activities of international organisations concerned with European inland transport, taking into account the work of supranational authorities in this field.

Major problems which are being studied by the ECMT include : transport policy ; the financial situation and organisation of railways and road transport ; problems concerning inland waterway transport and combined transport ; development of European trunk lines of communication ; problems concerning urban transport ; the prevention of road accidents and co-ordination, at European level, of road traffic rules and road signs and signals ; traffic trends and long-term traffic forecasts.

Moreover, the ECMT organises Round Tables and Symposia. Their conclusions are considered by the competent organs of the Conference, under the authority of the Committee of Deputies, so that the latter may formulate proposals for policy decisions to be submitted to the Ministers.

In addition, the ECMT is equipped with a computerised Documentation Center to which inquiries concerning transport economics may be addressed.

1. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and Yugoslavia (associated countries : Australia, Canada, Japan, United States).